

## **Productivity and economic structure in under-development**

Topic: Methodological aspects of input-output analysis III

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Following the Input-Output (IO) methodology, on the supply side, gross output equals intermediate consumption (IC) plus value added (VA), which means that if one of those grows as a proportion of output, the other diminishes. Hence, if intermediate consumption grows, output per unit of factor decreases as well. In a neoclassical interpretation of the IO model, factors' productivity is a result of the use of each of those factors per unit of output and if VA is given, increasing labour productivity implies decreasing capital's -if the economy is moving on the production possibilities frontier. In terms of the composition of economic structures, when CI is higher than VA, in general one can expect that sectors are highly interrelated: the structure is more complex. Higher factors productivity comes along with more complex economic structures. This paper explores those relationships for a Brazil, Korea and Russia using OECD STAN database.